

Revised 2/08	ARIZONA DEPARTMENT OF EDUCATION GUIDELINE & PROCEDURE	NO. GE-24
SUPERSEDES		SHEET 1 of 3
SUBJECT: 		

I. PURPOSE

The purpose of this guideline is to explain the requirements of the U.S. Department of Education's Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments and to outline the sanctions that will be imposed if the requirements are not met.

II. GUIDELINE

- (1) The Single Audit Act Amendments of 1996, under the guidelines of The Office of Management and Budget (OMB) Circular No. A -133, requires all sub-recipients to contract for a single audit if the sub-recipient expended \$500,000 or more in federal awards in any fiscal year, regardless of which federal agency provided the money.
 - a. Within six (6) months following the end of each fiscal year, all sub-recipients shall submit an Audit Evaluation to the Audit Unit of ADE.
 - b. Within thirty (30) days of receiving the audit report or within nine (9) months following the end of each fiscal year, unless a longer period is agreed to in advance by ADE, all sub-recipients shall submit the single audit reports to the Audit Unit of ADE, pursuant to O.M.B. Circular No. A -133 §C.320(a).
 - c. Pursuant to O.M.B. Circular No. A -133 §B.225, ADE can impose sanctions to ensure that sub-recipients have complied with requirements to provide an audit that meets the applicable standards and to administer state and federal programs in accordance with the applicable requirements.
 - d. ADE will ensure that appropriate corrective action is taken within six (6) months after receipt of the audit report, pursuant to O.M.B. Circular No. A -133 §D.400(d)(5).
 - e. This guideline applies to:
 1. All entities who expended \$500,000 or more in federal awards in any fiscal year, regardless of which federal agency provided the money.

*If you have any questions or comments concerning the interpretation or clarification of these guidance statements, please contact the Office of Legislative Guidelines (602)542-0384.

III. PROCEDURE

Each school that receives \$500,000 or more in federal award money in any fiscal year must submit an Audit Evaluation plan to the Audit Unit of ADE within six (6) months at the end of each fiscal

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year. The purpose of the Audit Evaluation is to capture a detailed list of all federal funds expended during previous fiscal year. This information will assist ADE in determining which agencies should be submitting a single audit. ADE will send a reminder letter to all sub-recipients referencing this requirement.

Pursuant to O.M.B. Circular No. A -133 §C.320(a), each school shall submit the single audit results to the Audit Unit of ADE within thirty (30) days of receiving the report and or within nine (9) months following each fiscal year, unless a longer period has been agreed to in advance. A request showing good cause for a longer period shall be made in writing and directed to the Audit Unit. The request will be approved or denied with thirty (30) days of receipt. The single audit report that must be submitted to ADE shall contain the following:

- (1) An opinion as to whether the recipient's financial statements and schedule of expenditures are consistent with each other and are presented fairly in all material respects in conformity with U.S. generally accepted accounting principles (GAAP).
- (2) A report on the recipient's internal controls over financial reporting and on compliance and other matters based on an audit of the financial statements.
- (3) A report on the recipient's compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a direct and material effect on a major federal program.
- (4) A schedule of findings and questioned costs.

Pursuant to O.M.B. Circular No. A -133 §§B.225(a)(b)(c) and (d), if ADE determines that full compliance has failed to be met, ADE can impose sanctions such as:

- (1) Withholding a percentage of Federal awards until the audit is completed satisfactorily;
- (2) Withholding or disallowing overhead costs;
- (3) Suspending Federal awards until the audit is completed; or
- (4) Terminating the Federal award.

Some examples of where sanctions may be warranted include:

- (1) The sub-recipient did not submit an Audit Evaluation;

